

by 1989, and further development is now concentrating on new high-speed rail links and U.S. Interstate-type or German autobahn-type highways. A law for the establishment of the new cities on the Tsukuba "Science City" model was introduced in 1983.

For the 1990s, MITI has targeted the aerospace sector (including satellite communication and commercial space flights) as the cutting edge for leveraging the further growth of the industrial sector. A still modest Moon-Mars exploration program will spearhead research and development, with results being passed on to companies such as Mitsubishi Heavy Industries, already significantly engaged in both civilian and military aerospace work.

Community of interest

The strengths of the Japanese economy, especially the mechanisms it has institutionalized to deal with crises and achieve a consensus among business, government, and labor on a long-term economic vision, enable the nation to continue to prosper economically despite almost total dependence on the outside world for raw materials. The oil shocks of 1973 and 1979 did not paralyze Japan; in fact, the nation came out of these crises economically stronger because it took concerted measures to dramatically increase energy efficiency in industry and reduce its dependence on oil. Japan's burgeoning nuclear power program is testimony to that.

In 1985, Japan's currency was revalued upwards by 50% through the Plaza Agreement. Such upward revaluation, according to the camp-followers of the International Monetary Fund and World Bank, was expected to cripple Japan's economy, for a while at least, but the opposite occurred. Exports, which began to increase in the mid-1980s, expanded sharply even as the yen appreciated, nearly doubling in six years. Imports, static until 1986, began to rise thereafter. Japan's export surplus grew quite large, and though it has declined somewhat, it is still immense. In contrast, the U.S. dollar devaluation, by about 40% against major currencies between 1985 and 1988, did little to change the yawning trade deficit that that country is facing annually. The monetarists are still blaming each other for their foolproof theory going awry.

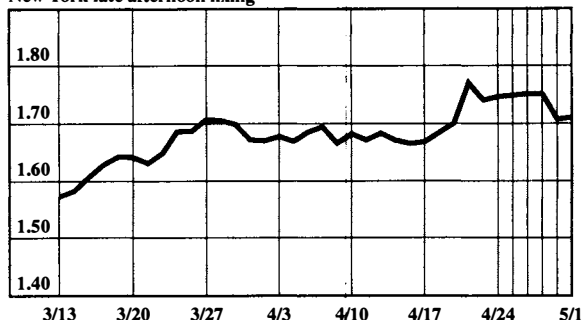
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Currency Rates

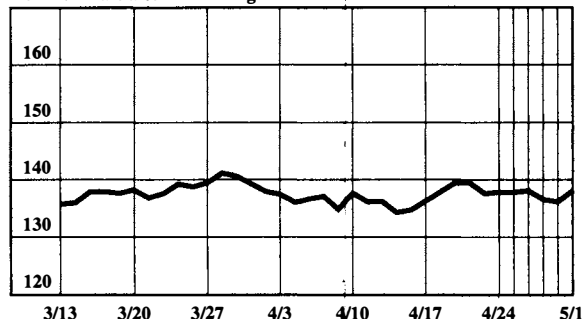
The dollar in deutschemarks

New York late afternoon fixing



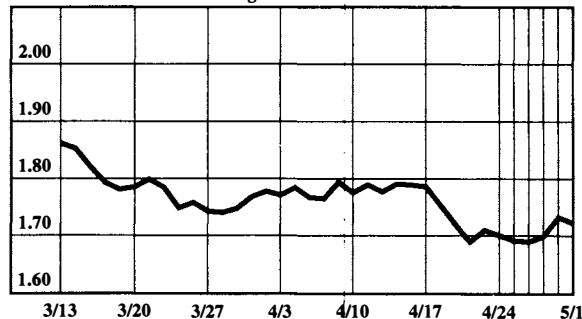
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

